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Brand Consciousness

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Research Honors:

Brand Consciousness

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Abstract:

The objective of this research study was to determine the degree to which people use brand names to make purchase decisions. Further, we questioned what other influences -- quality/price/previous buying experience -- impacted the decision. This paper will demonstrate that a sample of college students in Central Illinois generally purchase based upon a product's brand name. More specifically, the research findings indicate that these consumers associate a high level of quality with specific brands of clothing.

Literature Survey:**Importance of Branding**

A study conducted by Benedict et al. (1997, 917) noted that "the marketing battle will be a battle of brands, a competition for brand dominance... It will be more important to own markets than to own factories. The only way to own markets is to own market dominant brands." This states, in a rather convincing manner, that an organization's brand is one of its most valuable assets. As a most valuable asset, it should be carefully managed. It should be closely monitored so that the organization is keenly aware of how the purchasing public perceives the brand. Consumers' perceptions about a brand can drive the success of any company in any given year, since consumers are less likely to purchase brands which have no positive attributes.

Consumer Preference

Consumer preference seems to be changing in the 1990's. Since the recession of the early 1990's left consumers more price conscious, they are no longer as willing to pay premium prices (Helene 14). In the early 1990's, consumers tended to stay away from higher priced brands and to depend on price promotions. Many consumers realized that for significantly less money they could get a product of

reasonably high quality. This doesn't mean that today's consumers are swearing off high priced, branded items. It means, quite simply, that they are a more educated consumer. They learned that many private label products represent good value. A study completed in the mid 1990's stated that 64% of polled consumers cited a "reasonable price" as the most important decision factor when deciding to buy (Helene 14). This surpasses product quality by 17%. This clearly indicates that the motivation behind this sample's consumer choice is a product's price.

Recent retailing research conducted by Benedict et al. (1997, 919) suggests that quality has again become the driving factor in purchase decisions. The Benedict study sought to find out how people made a decision between a national brand and a store brand when shopping in a supermarket. The findings indicated that consumers made decisions based upon perceptions of product quality. To that end, both national and store brands' success can be determined by their respective level of quality. If a store brand is perceived to have a higher level of quality than a national brand in a particular product category then this study would lead us to believe consumers would choose the store brand over the national brand. I believe this carries over to other segments of retailing as well. If consumers are looking for a specific level of quality when they are making supermarket purchases, I would expect them to want an equally high level of quality when buying clothes.

Another study conducted in 1998 (Grewal 333) states that "brand name has been shown to be a critical cue for customer perceptions of product quality." The Grewal study went further to say that consumers tend to associate certain levels of quality with a brand name. Rao (1989, 351) concluded that there is a positive correlation between price and a consumer's perception of quality. Dodds (1991, 316), who studied the effects of price, brand, and store information on buyers' evaluations

of home office equipment, also concluded that consumers perceived a positive relationship between price and quality. That is to say, as price increases so too does a consumer's expectation of quality.

What these examples demonstrate is that there are a number of variables that affect a consumer's choice, but price, quality and brand name seem to be interrelated. My study will, therefore, seek to clarify which variables, if any, are dominant in a consumer's choice.

Hypothesis:

In this study, we asked students about clothing--do we make decisions solely based upon the brand of the clothes or do we use other factors as well? The literature suggested the importance of quality, price and brand name as deciding factors in consumer choice. The Grewal (1998, 333) study stated that brand name was a critical cue for customer perceptions of quality. The Rao and Dodds studies, however, imply that consumers buy based upon quality. Since there was little research, however, that specifically analyzed college students' buying habits, I will formulate two hypotheses:

H1: College students buy based upon quality.

H2: As the Grewal (1998, 333) study suggests, people associate quality with a given brand name. I will, therefore, hypothesize that college students buy based upon a brand name more often than they buy based upon quality.

Methodology:

Survey Design

To accomplish my objectives, I divided the survey into three main components. The first component would ask respondents about their general preferences when making clothing purchases. The second component would ask respondents to

choose between national and store brands in a variety of clothing categories. The final component would ask respondents why they made their choice of national or store brand in each clothing category. This was the most important component in the survey design, since it would be the only way that I could examine how people made their purchase decisions. Did they make decisions based upon brand name and quality as I hypothesized? Did they make them for other reasons?

Data Collection

I received 247 usable surveys. The surveys were distributed and collected in business classes at both Illinois Wesleyan University and Illinois State University.

Results:

Demographics

The respondents had an average age of 21, reflecting the fact that the courses sampled were primarily for juniors, who are typically between the ages of 20 and 21.

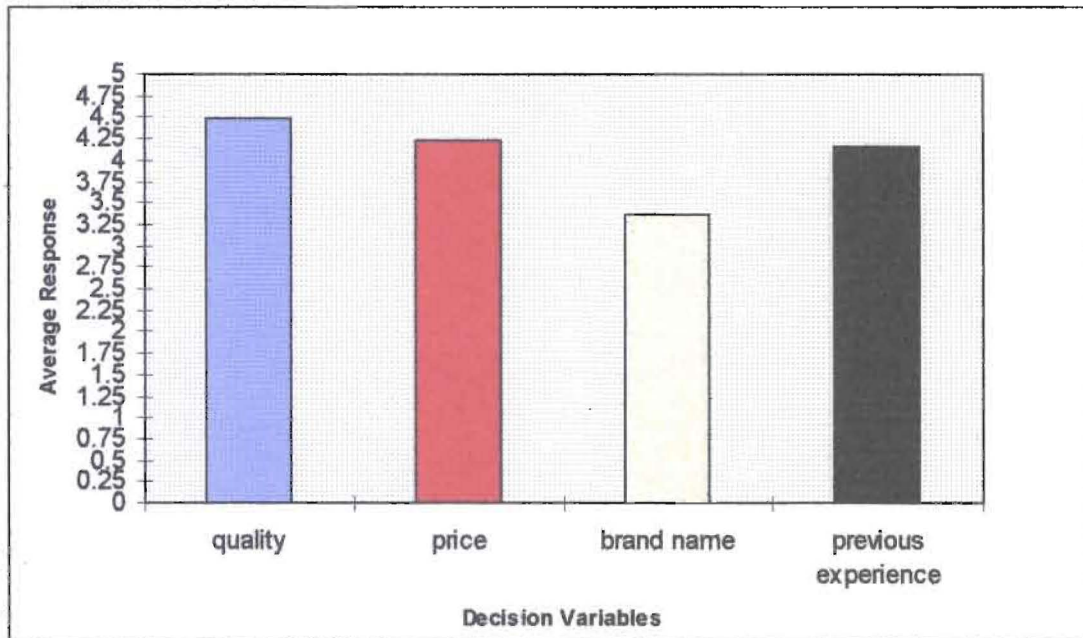
General Preferences

Respondents were asked to rate the importance of specific variables on a scale of one to five when making a clothing purchase. These variables included previous buying experience with a particular brand, product price, product quality, and finally, the brand name of the product. The variables were tested independently and were meant to prepare the respondents for the decision questions. Later questions asked respondents to choose between national and store brands.

General Preference Results

My study focused on the importance of brand name and quality in respondents' decision making. Product quality had the highest (See chart) average response of the four variables. Of the 247 total respondents the average response was 4.48 (1-5 scale). Also, 94.7% of the respondents rated product quality as "very important" (4 or

higher). Brand name was the least important factor with an average response of 3.36. Only 48.6% of the respondents rated a product's brand name as "very important" (4 or higher).



Thus, the findings demonstrate that, for this sample, brand name is not the most important factor. Rather, price, quality and a previous experience are rated higher. This supports my first hypothesis that students do buy based upon quality. A one way chi-square analysis reveals that the differences between these variables is statistically significant for this sample. (See Table 1)

Table 1

One way chi-square analysis to determine significance of difference in choice between decision variables.

Null Hypothesis: The difference between the decision variables is not statistically significant

Alternate Hypothesis: The difference between the decision variables is statistically significant

Decision Variable	Number who cited this variable as a four or higher in importance
Quality	234
Price	197
Brand Name	120
Previous Experience	211
Total	762

**Expected Value = $(762/4)$
= 190.5**

Chi-Square Calculation:

$(234-190.5)^2 / 190.5 + (197-190.5)^2 / 190.5 + (120-190.5)^2 / 190.5 + (211-190.5)^2 / 190.5$
=
38.45

**Tabular Chi-Square value: (95% confidence interval, 3 degrees of freedom)
= 7.8473**

Since the calculated chi-square value is greater than the tabular chi-square we reject the null hypothesis. Therefore, the difference between the variables in this sample measure is significant.

National vs. Store Brands

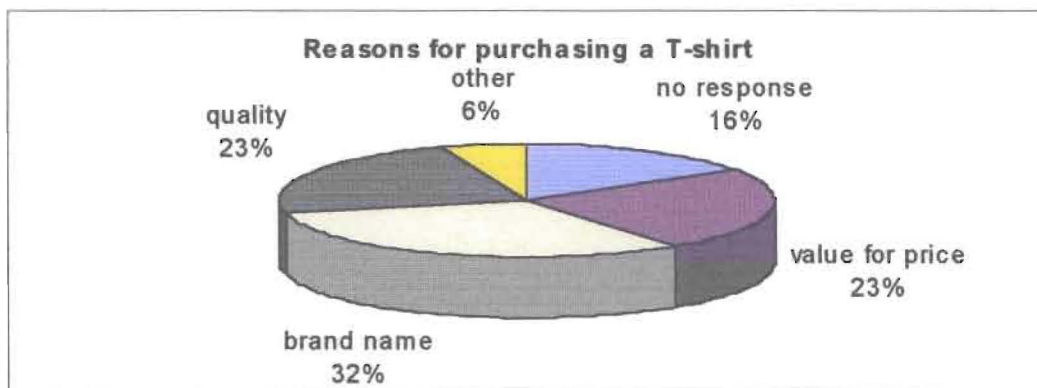
The survey also required respondents to choose between national brands and store brands. Respondents could select option A (national brand) or option B (store brand) for six different clothing purchases. The chart included clothing purchases that college students would be familiar with -- gym shoes, jeans, sweater, winter jacket,

and a T-shirt. For each purchase, respondents also had to give a reason for making their choice. In order to quantify the data, respondents were given four choices for reasons they made their decision -- value for price, brand name, product quality and "other."

Of the six purchases simulated, three purchase categories were chosen for the brand name: T-shirt, sweater and blue jeans. The remaining three categories were chosen for different reasons.

Brand Name Chosen First

Respondents were asked to choose a brand of T-shirt. 62.3% of respondents said they would choose the national brand (Polo). 27.1% of respondents said they would purchase the store brand of T-shirt (K-Mart), with the remaining 10.5% not responding at all. The most popular reason for purchasing a T-shirt was its brand name (31.6%). Value for price and quality were a close second and third with 23.5% and 23.0% of respondents citing these reasons, respectively.

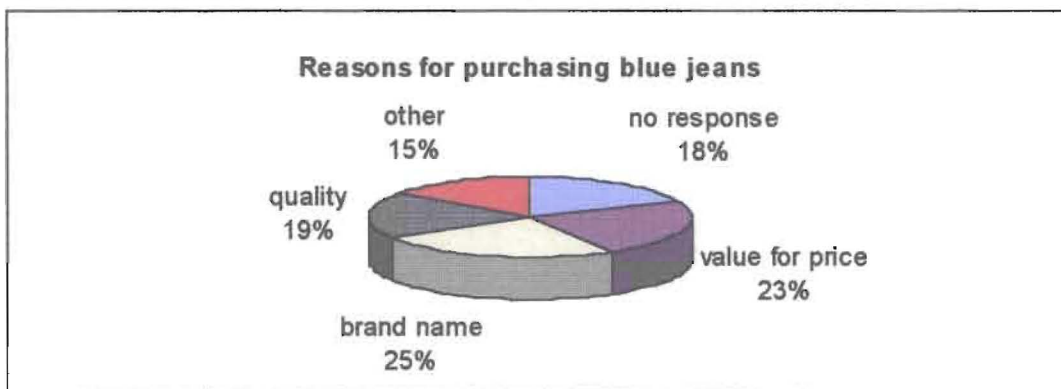


Another question asked respondents to choose between a national brand of sweater (J. Crew) and a store brand (St. John's Bay-J.C. Penney). 55% of the respondents stated they would purchase the national brand of sweater. Almost a fifth (19%) didn't respond to this question, because they "never heard of J. Crew." The remaining 26% said they would purchase the store brand. The most popular reason

for purchasing a sweater was surprisingly-no reason at all. A large percentage of respondents did not give a reason for purchasing the sweater they purchased. Those that did respond, however, stated that brand name was the most important reason for purchasing a sweater.

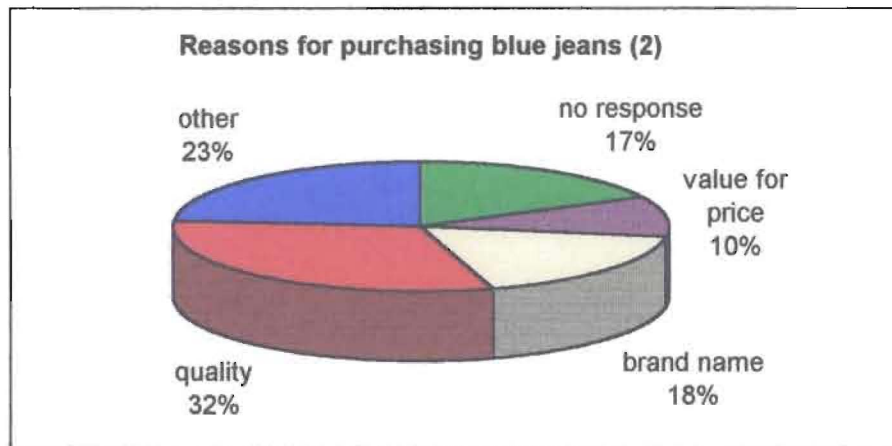


Respondents were also asked to choose between a national brand of blue jeans (Tommy Hilfiger) and a store brand of blue jeans (Target). 55% of the respondents said they would choose the national brand over the store brand. 30% said they would choose the store brand. 15% of the respondents had no response to this question. The most popular reason for choosing the national brand of blue jeans was for its brand name (24.5%). There was a much more even distribution in the reasons for purchasing a brand of blue jeans as is evidenced by the chart.

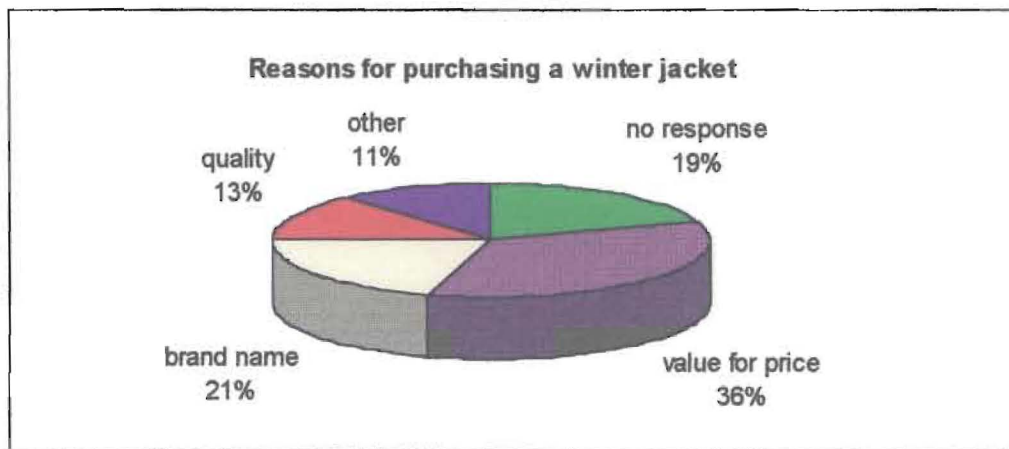


Other Reasons Chosen First

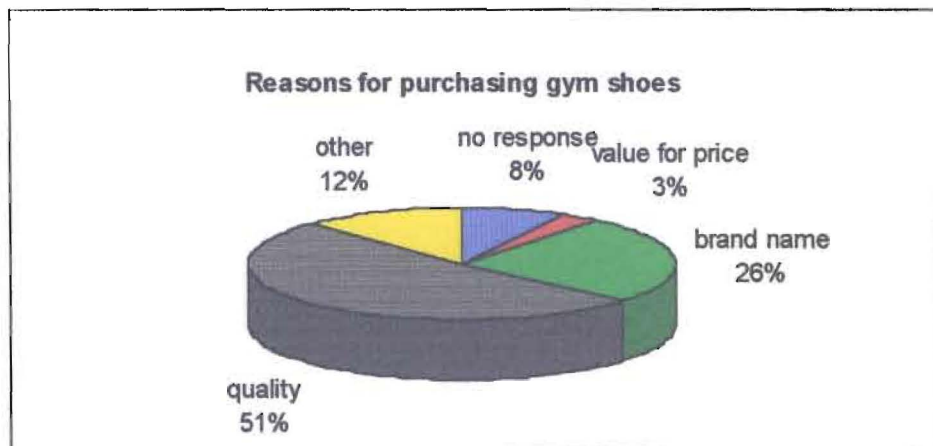
The respondents were again asked about blue jeans. This time, however, a different national brand was chosen (Levi's). 79.8% of respondents stated they would buy Levi's jeans over a store brand (Sonoma). This is in sharp contrast to the earlier blue jeans question when Tommy Hilfiger was chosen only 55% of the time over the store brand. The most popular reason for purchasing blue jeans was for their quality (31.2%). This, again, contrasts with the earlier blue jeans question where brand name was the most popular reason for purchasing blue jeans.



Another question asked respondents about their preference when purchasing a winter jacket. Only 38.8% of the respondents stated that they would purchase the national brand of jacket (Nautica). 46.6% of the respondents said they would purchase the store brand of winter jacket (J.C. Penney), with the remaining 14.6% not responding. The most popular reason for purchasing a winter coat was value for price (35.2%). This corresponds to the finding that a majority of the respondents said they would not purchase the national brand, which is generally considered more costly.



Finally, respondents were asked to choose a brand of gym shoe. The question asked them to choose between a national brand (Nike) and a store brand (Wal-Mart). 92.7% of the respondents said they would choose the national brand. Of the four possible reasons for purchasing gym shoes, 51% said they would do so because of product quality. Only 26% said they would purchase shoes because of the brand name. This supports the results gained in the first few questions of the survey that the respondents believe quality is a driving factor in purchase decisions.



Conclusions

Clothing purchases seem to be dependent upon the category examined. According to my research this demographic segment has distinct categories in which it

buys national brands: gym shoes, T-shirts, sweaters and blue jeans. The reason they buy national brands in these categories, however, is not necessarily because of their national brand status. The results of my research seem to support my hypothesis (h2) that college students buy based upon a brand name, and to a lesser extent, quality. When the national brand was chosen in the sweater, T-shirt and blue jeans (Tommy Hilfiger) categories, the most popular reason for making a purchase in that category was the brand name.

The other three clothing purchase decisions were made for other reasons. The gym shoes and blue jeans (Levi's) categories, for example, were bought because of quality. This suggests that brand name is not the driving force in all clothing purchase decisions, which supports my first hypothesis (h1). In fact, a chi-square analysis shows that the differences between the decision variables that people used when evaluating store and national brands—quality/price/brand/other—are statistically significant. (See Appendix B). The chi-square analysis of the independent variables reveals that the hypothesis, the frequency of choosing one decision variable over another decision variable, in each product category, is not statistically significant, can be rejected. This, therefore, means that the frequency of choosing one decision variable over another decision variable, in each product category, is statistically significant. Since the differences are significant, respondents do use particular decision variables to make purchase decisions in distinct clothing categories. That is not to say, however, that they use the same decision variables in all product categories. As noted earlier, respondents' reasons for making a purchase are dependent upon the clothing category being examined. Dodds (1991, 316) also concluded that both quality and brand name had a positive effect on willingness to buy. Hoyer et al (1990, 147) concluded that

brand name is a prevalent choice tactic as well. My findings, therefore, seem to parallel those of other studies.

College students also seem to move away from national brands as the price of the product category moves higher. Jackets and sweaters are naturally more expensive and they saw the lowest national brand response. In those categories, value for price seemed more important. It was surprising that quality wasn't cited in a majority of clothing purchase decisions, especially when that was the most important reason students gave for their overall preference.

It is noteworthy, also, that when queried about how brand conscious they themselves were the average response was 3.46 (1-5 scale, with 5 being very brand conscious). This seems a little high with the other results I have gathered. The initial section of the survey, after all, revealed that a large percentage of people bought based upon quality and price, not brand name. It would follow that responses would fall into the 2.5 - 3.0 range since this is more of a middle ground. It seems fair to say, though, that many college students, perhaps even a majority, are very aware of the brand they are buying. It is also fair to say, however, that a significant amount of students look very closely for value and quality.

Management Implications

This research may have significant implications for manufacturers. Most clothing manufacturers, and many retailers, are attempting to attract a younger body of customers. They are doing so because establishing relationships early in a customer's purchasing lifetime will hopefully lengthen the time they are a customer of a particular brand. The benefits of a longer customer relationship include stronger brand loyalty and new customer referrals. To successfully attract a younger generation of

consumers, manufacturers can focus on how those consumers make their purchase decisions.

Since most clothing purchase decisions seem to be based upon attributes associated with a given brand, brand management is extremely important. Students may not buy a brand just because it carries a national brand status. Tommy Hilfiger has been a very popular brand with the college aged market for the last few years. His clothes seem to be associated with "being cool." Levi's, on the other hand, has created a reputation for manufacturing high quality denim. Both Levi's and Hilfiger, however, have reputations that they can use to promote their products. Levi's can use their reputation for quality as a cornerstone for promotion, while Hilfiger can stress its "cool" image. In both cases the brands need to be managed carefully. Levi's has to keep a close eye on its quality so that its long time customers don't begin to shop for another brand. Hilfiger has to continue to produce its flashy and fashionable line of clothes to keep the younger market coming back. Hilfiger is also relatively new, in comparison to Levi's, so its reputation is still being developed. To that end, Hilfiger's brand management needs to be especially sharp so that the brand can survive over the long term.

As my research concluded, however, students do buy for reasons other than the brand name. They buy because of quality and value as well. Since these characteristics are the cornerstones of some students' purchase decisions, store brands that have quality and value associated with them may have a leg up on this generation. They are willing to forego the "cool" image associated with certain brand names and would rather buy a store brand that represents the characteristics important to them. These student's evoked sets are not automatically limited to a handful of popular national brands. They are willing to consider both store and national brands.

This means retailers like Sears, J.C. Penney's, and Kohl's still have plenty of opportunity to attract a younger set of customers. These retailers tend to focus on average priced store brands that carry a satisfactory level of quality. If these retailers begin targeting some of their marketing efforts towards this segment of the purchasing public, they might gain some new customers.

Limitations

The conclusions of this research are limited. First, the data came from a convenience sample. Thus, the sample may not be representative enough to draw conclusions for a large geographic area. Second, respondents were only given one national brand from which to choose. If there were multiple national brands for the same clothing category the results might have been different. The blue jeans question illustrates this. When different national brands were given as choices the reasons for making that purchase changed. Third, the national brands that were chosen for comparison may have affected the respondents' reasons. Some of the national brands that I chose have specific attributes associated with them. Nike and Levi's, for example, have a reputation for quality. Other national brands in the survey have a reputation for "being cool." This naturally affected the results. If I had chosen more national brands that already had attributes like quality and value associated with them, then those reasons would likely have prevailed with respondents. Conversely, if I had chosen more national brands that had the reputation of "being cool" associated with them, then brand name would likely have been very dominant. Fourth, the sweater category was not sharply defined. J. Crew may not be able to be considered a national brand. It could be considered a specialty store brand. As such, respondents were not given a well-known national brand to choose.

Finally, the variables used to analyze the purchase decision – price/brand/previous experience/quality—should be more clearly defined. Since some of my clothing categories had very close responses, there is the possibility of variable contamination. If the variables were more sharply defined the contamination could be minimized or prevented.

Further Research

To further explore this question, multiple national brands in a single product category need to be examined. This will help explain whether certain characteristics are associated with particular national brands or whether decisions are actually made based upon national brand status. Also, a larger sample would aid in determining the significance of the results found in this study.

In general, more research on this age group is greatly needed. Generation Y consumers, as they have been named, will continue to make purchases into their adult lives. Many of them will be big purchases, like houses, cars and vacation homes. A recent Business Week article (Neuborne, 1999) discussed how this generation had matured “in an even more media saturated, brand-conscious world than their parents.” Since this generation has grown up in a highly brand conscious environment they respond differently to advertising than previous generations. Generation Y does not want to be told that the marketers know them better than they know themselves. They, instead, respond to humor, irony and the truth. They will respond and reward marketers with instant brand loyalty, as was the case with Tommy Hilfiger. This generation also prefers to encounter advertising in different places. They prefer advertising on the Internet or on cable TV, instead of more traditional media, like direct mail or national TV. It would serve retailers and vendors of all industries well if they

researched and analyzed this up and coming generation's purchasing habits because they are the largest "mass market" since the baby boomers.

Appendix A

As part of a senior research project I am collecting responses from students, regarding their brand consciousness and their brand loyalty. Your responses to the following questions would be appreciated.

What is your current year in school? _____

What is your current age? _____

When making a clothing purchase (e.g. jeans, shirts, shoes or jackets), how important are the following characteristics?

1. How important is product quality?

(unimportant) 1-----2-----3-----4-----5 (very important)

2. How important is product price?

(unimportant) 1-----2-----3-----4-----5 (very important)

3. How important is the brand name?

(unimportant) 1-----2-----3-----4-----5 (very important)

4. How important is a previous buying experience with a particular brand?

(unimportant) 1-----2-----3-----4-----5 (very important)

When making a purchase will you only buy from a particular "pool" of brand names? (e.g. Abercrombie, J. Crew, Tommy Hilfiger)

(never) 1-----2-----3-----4-----5 (always)

Why? (choose one)

1. value for the price 2. Brand name 3. Quality 4. Other _____

(over)

When making a clothing purchase which product would you choose? (Please circle a choice from column A or B and then put your reason in column C.)

	Column A	Column B	Column C Why? (value for price, brand name, quality or other?)
1	Nike Shoes	Wal-Mart shoes	
2	Adidas Shoes	Nike Shoes	
3	Tommy Hilfiger jeans	Target jeans	
4	J. Crew sweater	St. John's Bay sweater	
5	Nautica Jacket	J.C. Penney winter jacket	
6	Polo T-shirt	K-Mart t-shirt	
7	Levi's jeans	Sonoma jeans	

In general, of your previous 5 jeans purchases how many times have you purchased your most favorite brand? (circle one)

- a) 1 b) 2 c) 3 d) 4 e) 5

What is the most important reason you would purchase a particular brand again? (choose one)

1. value for the price 2. Brand name 3. Quality 4. Other _____

What is the most important reason you would not purchase a particular brand again? (choose one)

1. value for the price 2. Brand name 3. Quality 4. Other _____

In general, when making a clothing purchase how brand conscious do you consider yourself?

(not brand conscious) 1-----2-----3-----4-----5 (very brand conscious)

In general, when making a clothing purchase how brand loyal do you consider yourself?

(not brand loyal) 1-----2-----3-----4-----5 (very brand loyal)

Appendix B

Chi-Square Test of Independent Samples

I performed the chi-square analysis on the decision variables –quality, price, brand name and other – as they were cited in the national vs. store brand section of the survey. In this part of the survey respondents had to choose a national or a store brand and then cite a reason, for each product category.

Null Hypothesis (H_0): The frequency of choosing one decision variable over another decision variable, in each product category, is not statistically significant.

Alternate Hypothesis (H_1): The frequency of choosing one decision variable over another decision variable, in each product category, is statistically significant.

Cross Tabulation Table:

	Value for Price	Brand Name	Quality	Other	Totals
Nike V. Wal-Mart Shoes	7	64	126	30	227
Tommy V. Target Jeans	57	62	47	37	203
J. Crew V. St. John's Sweater	49	54	44	32	179
Nautica V. J.C. Penney jacket	89	52	32	27	200
Polo V. K-Mart T-Shirt	57	79	57	15	208
Levi's V. Sonoma Jeans	25	44	79	57	205
Total	284	355	385	198	1222

Expected Frequency Table:

	Value for Price	Brand Name	Quality	Other
Nike V. Wal-Mart Shoes	52.75613748	65.9451718	71.518	36.78069
Tommy V. Target Jeans	47.17839607	58.9729951	63.95663	32.89198
J. Crew V. St. John's Sweater	41.60065466	52.0008183	56.39525	29.00327
Nautica V. J.C. Penney jacket	46.4811784	58.101473	63.01146	32.40589
Polo V. K-Mart T-Shirt	48.34042553	60.4255319	65.53191	33.70213
Levi's V. Sonoma Jeans	47.64320786	59.5540098	64.58674	33.21604

Since only 20% of the cells have an expected frequency less than 5 and no cell has an expected frequency less than 1 we can continue the chi-square analysis.

$$\begin{aligned}
 (\chi)^2 = & ((7-52.8)^2) / 52.8 + ((57-47.2)^2) / 47.2 + ((49-41.6)^2)/41.6 + ((89- \\
 & 46.5)^2)/46.5 + ((57-48.3)^2)/48.3 + ((25-47.6)^2)/47.6 + ((64-65.9)^2)/65.9 + ((62- \\
 & 59)^2)/59 + ((54-52)^2)/52 + ((52-58.1)^2)/58.1 + ((79-60.4)^2)/60.4 + ((44- \\
 & 59.6)^2)/59.6 + ((126-71.5)^2)/71.5 + ((47-64)^2)/64 + ((44-56.4)^2)/56.4 + ((32-63)^2)/ \\
 & 63 + ((57-65.5)^2)/65.5 + ((79-64.6)^2)/64.6 + ((30-36.8)^2)/ 36.8 + ((37-32.9)^2)/ 32.9 \\
 & + ((32-39)^2)/29 + ((27-32.4)^2)/ 32.4 + ((15-33.7)^2)/ 33.7 + ((57-33.2)^2)/33.2 = \\
 & \mathbf{203.723}
 \end{aligned}$$

Degrees of Freedom = (number of rows in expected frequency table - 1) * (number of columns in expected frequency table -1)

$$\text{Degrees of Freedom} = (6-1)*(4-1) = 15$$

The Tabular $(\chi)^2$ value at .05 level of significance and 15 degrees of freedom is **24.9958**. Since the calculated $(\chi)^2$ value is **greater than** the tabular value we reject the null hypothesis. Therefore, the frequency of choosing one decision variable over another, in each product category, is statistically significant.

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